



Prime Number Weekly Market View:

China is counting the economic cost of its zero-Covid policy. Dozens of cities in China are in full or partial lockdown in response to the spread of Covid-19 cases. Economic growth in China is expected to slow dramatically in the 2Q 2022 as a result of sticking to the zero-Covid policy. China's zero-Covid policy has largely kept the virus's spread in check until the highly infectious Omicron variant emerged. Beijing now has a stark choice: start a mass vaccination program using foreign mRNA vaccines or sustain the economic and social costs of continued lockdowns.

It has been a painful week for China's equities, bonds and currency. Sentiment has been bearish toward Chinese assets as Covid lockdowns slow economic growth and policy stimulus falls short of investor expectations. The benchmark CSI300 index is down 20% YTD. The offshore Yuan posted its biggest weekly loss since the surprise devaluation in 2015. CNY is on a losing streak, having lost versus the US dollar -0.41% Tuesday, -0.4% Wednesday, -0.49% Thursday, and -0.79% Friday. On Monday, CNY was at 6.36, but closed the week at 6.50. US Treasury yields are rising while Chinese Treasury yields are falling, making US Treasury bonds more attractive. US bond yields rose above Chinese bond yield for the first time in 12 years. Currency traders expect further weakness in the Yuan. Beijing has little leeway for tightening against the background of a credit crunch in the local property sector and a Covid lockdown induced slowdown in the domestic economy.

Investors need to focus on the implications of a weakening Yuan. Last week the Yuan broke through its 200-day moving average after a long six-month stable trading range. Chinese companies should gain from a weaker currency via boosted revenues and higher share prices. The 2015 Yuan devaluation was derided by the US as trade protectionism. However, now as the US dollar is appreciating against the Euro, Yen, Pound and other global currencies it is much more difficult to make that allegation.

– Michael Longthorne, Co-CEO of Prime Number Capital

Prime Number Weekly Recap:

- Macron beats far-right rival Le Pen in French presidential election ([CNBC](#))
- Twitter board meets with Musk to discuss bid ([BBC](#))
- SoftBank Plans to Retain Controlling Stake in Arm After IPO ([Bloomberg](#))
- Disney stock tumbles amid Florida bill controversy ([Fox Business](#))
- Renault weighs separating electric car business via IPO ([Reuters](#))
- Stocks plunge to mark another losing week as investors brace for more aggressive Fed tightening ([Yahoo Finance](#))



Prime Number Weekly Market Comment:

中国正在计算其“清零新冠病毒”政策的经济成本。为应对 Covid-19 病例的蔓延，中国数十个城市处于完全或部分封锁状态。由于坚持清零病毒政策，预计中国经济增长将在 2022 年第二季度大幅放缓。中国的清零冠状病毒政策在之前很大程度上控制了病毒的传播，直到出现了具有高度传染性的 Omicron 变种。北京现在有一个严峻的选择：启动使用外国 mRNA 疫苗的大规模疫苗接种计划，或者承担持续封锁的经济和社会成本。

对于中国股票、债券和货币来说，本周是痛苦的一周。由于冠状病毒引起的封锁减缓了经济增长以及国家政策刺激未能满足投资者的预期，投资者对中国资产一直看跌。基准沪深 300 指数今年迄今已下跌 20%。离岸人民币显示自 2015 年意外贬值以来的最大单周跌幅。人民币连续下跌，周二兑美元汇率下跌 0.41%，周三下跌 0.4%，周四下跌 0.49%，周五下跌 0.79%。周一美元对人民币汇率为 6.36，但本周收于 6.50。美国国债收益率正在上升，而中国国债收益率正在下降，这使得美国国债更具吸引力。美国债券收益率 12 年来首次超过中国债券收益率。外汇交易员预计人民币将进一步走弱。在当地房地产行业信贷紧缩以及冠状病毒封锁导致国内经济放缓的情况下，北京几乎没有收紧政策的空间。

投资者需关注人民币贬值的影响。在经历了六个月的稳定交易区间后，人民币上周突破了 200 日移动均线。中国公司应通过增加销售收入和更高的股价从货币贬值中受益。2015 年人民币贬值被美国调侃为贸易保护主义。然而现在，随着美元兑欧元、日元、英镑和其他全球货币升值，提出这样的指控要困难得多。

– 质数资本 Co-CEO Michael Longthorne

Prime Number Weekly Recap:

- 马克龙在法国总统大选中击败极右翼对手玛丽娜·勒庞 ([CNBC](#))
- Twitter 董事会与马斯克会面，讨论出价 ([BBC](#))
- 软银计划在 IPO 后保留对 Arm 的控股权 ([Bloomberg](#))
- 迪士尼股票因佛罗里达法案争议而暴跌 ([Fox Business](#))
- 雷诺考虑通过 IPO 拆分电动汽车业务 ([Reuters](#))
- 股市暴跌，标志着又一周的下跌，因为投资者准备迎接美联储更激进的紧缩政策 ([Yahoo Finance](#))



OUR CASES

 \$36M IPO NASDAQ: MHUA Feb 2022 Lead Underwriter	 \$30M IPO NASDAQ: AIH Oct 2019 Joint Book Runner	 \$85M IPO NASDAQ: BLCT Jul 2020 Joint Book Runner	 \$45M IPO NASDAQ: LIZI Jan 2020 Joint Book Runner	 \$100M IPO NASDAQ: EBON Jun 2020 Joint Book Runner
 \$46M IPO NASDAQ: QK Nov 2019 Joint Book Runner	 \$40M IPO NASDAQ: EH Dec 2019 Co-Manager	 \$256M IPO NASDAQ: GTH Jun 2020 Syndicate Member	 De-SPAC NASDAQ: UK Nov 2020 De-SPAC FA	 De-SPAC NASDAQ: CLNN Dec 2020 De-SPAC FA
 Private Placement Ayla Networks FA to Investors	 Private Placement Magic Leap FA to Investors	 Private Placement Circle FA to Investors	 Private Placement Palantir FA to Investors	 Private Placement Pinterest FA to Investors
 Private Placement Automation Anywhere FA to Investors				

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UPCOMING TRANSACTIONS

 Supplier of Display Modules And Polarizers NASDAQ: OST Exp. April 2022 Lead Underwriter	 Leading Wheelchair Manufacturer NASDAQ: ZJYL Exp. TBD Lead Underwriter	 Electronics Component Trading Platform NASDAQ: ICZ Exp. TBD Lead Underwriter	 Electronics Company in China NASDAQ: RAYA Exp. TBD Lead Underwriter	 Industry Pioneer Developing Consumer and Commercial EVs NASDAQ: PEV Exp. May 2022 Lead Underwriter	 Developer of IoT Connectivity Related Products and solutions NASDAQ: WXT Exp. TBD Lead Underwriter
Project Star Manufacturing Company in China Exp. TBD Lead Underwriter	Project Wealth FinTech Company in China Exp. TBD Lead Underwriter	Project XI/AI Leader in AI solutions Exp. Oct 2022 Lead Underwriter	Project Lion a reputable payroll outsourcing and employment service provider Exp. TBD Lead Underwriter	Project LDR a one-stop mobile experiential app developer Exp. TBD Lead Underwriter	Project e-Sports A leading company focusing on e-Sports promotion Exp. TBD Lead Underwriter
Project M A global health science & wellness solutions provider Exp. TBD Lead Underwriter	 \$60M IPO NASDAQ: PNAC Exp. TBD Lead Underwriter	 \$75M IPO SPAC Exp. TBD Joint Book Runner	 \$60M IPO SPAC Exp. TBD Lead Underwriter	 \$75M IPO NASDAQ: PAEL Exp. TBD Lead Underwriter	 \$75M IPO SPAC Exp. TBD Lead Underwriter

MEET OUR EXPERTS



Xiaoyan Jiang
Founder and CEO

- Vast experience with US and HK listings
- Former Head of US Asia Multinational Banking, and Asia Pacific Head of Real Estate, TMT, and Consumers at BNP Paribas
- Deutsche Bank, GE Capital, Deloitte Consulting, Sinochem Holdings
- Philanthropist



Michael Longthorne
Co-CEO

- Global financial markets executive
- Founding member of Mizuho Securities USA Equity Department
- Extensive equity research experience in Asian-related Securities
- Decker Co., Mizuho, Daiwa Securities Capital Markets, ING Baring, Salomon Brothers



Hao Sheng
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- Over 20 years of experience
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